

## HOW TO NAVIGATE MARKET VOLATILITY AS AN INVESTOR

The markets sometimes experience sharp and unpredictable price movements, either down or up. Market volatility happens from time to time and can be caused by unexpected economic news, changes in monetary policies set by relevant governing bodies, political or geopolitical events among others.

Understanding market volatility and its potential causes may help you better manage your investment choices. During unpredictable times and throughout market volatility, many investors start to question their long-term investment plans. Some may be tempted to bow out of the market completely and stay on the sidelines until it seems sensible to jump back in. While market volatility can be distressing, this is the time when it is vital to keep a sharp eye on your portfolio and its long-term interests.

Below are some useful tips on how you can navigate market volatility.

### **Diversify your portfolio to minimise risk**

Allocating your assets across a variety of types of investments may be helpful in reducing risk. It starts with asset allocation, the act of dividing your investments among different assets, such as stocks, bonds and cash. There is not a set standard for how and where to allocate your assets. Instead, it is unique to each investor, taking into account key factors of your individual financial picture, such as the time frame you have to achieve your goals and your preferred risk tolerance.

The key is to reduce exposure to uncontrollable risk by ensuring you do not put all your eggs in one basket. Diversification of assets is your best friend when it comes to investing. Investing in a wide variety of markets is proven to be more ideal than investing in an individual stock.

### **Rebalance your investments**

Over time, the value of your investment diversification can change as some investments grow more than others. Rebalancing sets everything back to your original mix and may minimize the impact of market volatility. Rebalancing helps to ensure that your investments remain aligned with your intended asset allocation, and it involves selling overperforming assets and buying underperforming ones, thereby maintaining a desired risk level.

### **Stay on course**

Short-term losses can trigger anxiety, but letting emotions drive your investment decisions may prove costly. One key to living with market volatility is focusing on long-term results rather than the daily bumps along the way. Staying the course can be difficult, but it can also create opportunities.

### **Consult your financial advisor**

If you're concerned about the performance of your investment portfolio, the best course of action is to speak with your advisor. Your advisor is equipped with the knowledge to help you traverse these situations and can guide you as to what comes next. It's possible that you may be risk averse, and the market level of risk you are taking is not suitable for you. Your advisor can tailor your portfolio to suit your needs, so you're at peace.